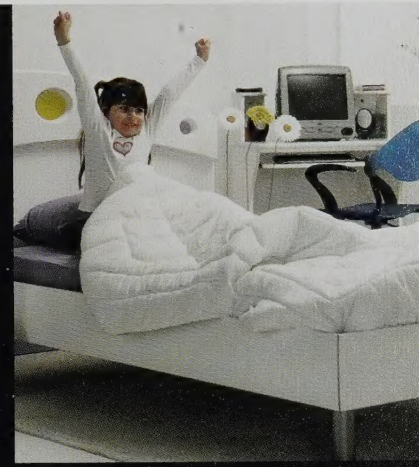
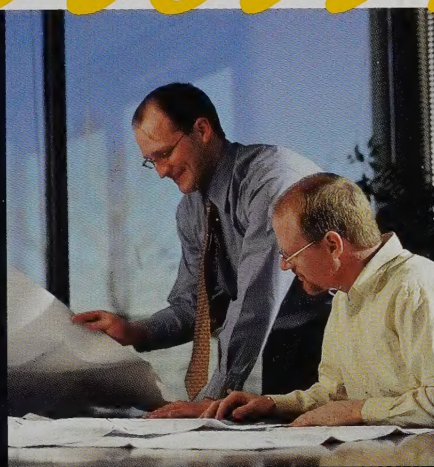


Building



the future together

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3 Vision Statement	and Analysis		25 Corporate Information

Corporate Profile

PFB Corporation is a vertically integrated manufacturer of plastic foam products serving North America for over thirty years. Our Plasti-Fab brand product solutions are of unsurpassed quality and value and make us the leader in the markets we serve.

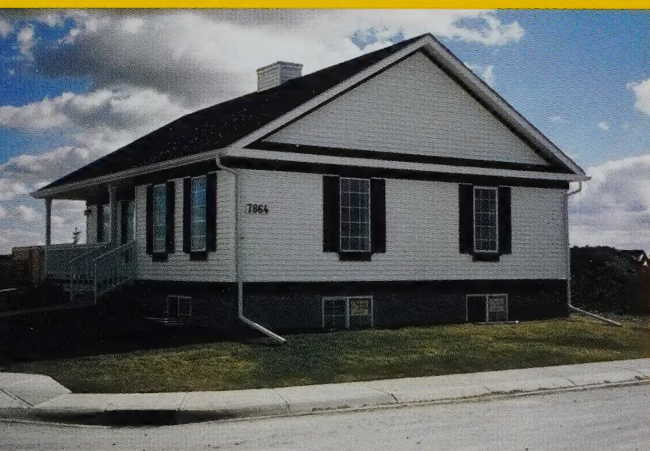
At our styrene polymer plant in Alberta we manufacture resins used as the raw material in our seven polystyrene manufacturing facilities across Canada.

Our expertise as an expanded polystyrene (EPS) solution provider results from a commitment to excellence by all our employees and our implementation of advanced technologies.

We are attentive to environmental issues and demonstrate a highly developed sense of community responsibility and participation.

We consider our shareholders to be our partners, which brings financial discipline to decision making.

Our common shares are traded on the Toronto Stock Exchange under the symbol PFB. Visit us at www.pfbcorp.com



Habitat For Humanity house built using the Plasti-Fab™ Enermizer® Insulating Concrete Forms.



Highlights

CONTINUING OPERATIONS *

	1996	1997	1998	1999	2000
Sales	\$ 27,046,000	\$ 31,178,000	\$ 29,152,000	\$ 33,328,000	\$ 37,390,000
Net Earnings	\$ 2,226,000	\$ 2,842,000	\$ 2,553,000	\$ 2,504,000	\$ 2,317,000
Earnings Per Share	\$ 0.41	\$ 0.52	\$ 0.46	\$ 0.45	\$ 0.41

CAPITALIZATION

Long-term Debt	\$ 5,543,000	\$ 3,767,000	\$ —	\$ —	\$ —
Shareholders' Equity	\$ 17,187,000	\$ 19,766,000	\$ 22,484,000	\$ 25,496,000	\$ 26,657,000
Book Value Per Share	\$ 3.17	\$ 3.62	\$ 4.06	\$ 4.52	\$ 4.72

* Comparative figures for continuing operations have been restated to exclude the Morval Division which was sold in 2000.

NOTICE OF MEETING The Annual General Meeting of Shareholders of PFB Corporation will be held on Thursday, June 7, 2001 at 11:00 a.m. in the Hamilton Room of the Bow Valley Square Conference Centre, Third Floor, 205 – 5th Avenue S.W., Calgary, Alberta. Shareholders unable to attend the Annual Meeting are asked to complete and return the Form of Proxy at their earliest convenience.

On-site expertise donated by Plasti-Fab at the Habitat For Humanity project.





C. Alan Smith
Chief Executive Officer

TO THE SHAREHOLDERS The year ended December 31, 2000 was characterized by multiple successes involving major change and renewal for PFB Corporation. During the year the company divested a major operating division, acquired additional production facilities, modernized existing production facilities, achieved record revenues in continuing operations despite an adverse spike in the price of styrene, our principal raw material, and returned surplus cash to shareholders by way of a special dividend.

Overall, net income for the year 2000 was \$9,004,000 (\$1.59 per share) compared with \$3,360,000 (\$0.60 per share) during 1999. Income from continuing operations was \$2,317,000 (\$0.41 per share) compared with \$2,504,000 (\$0.44 per share) for the preceding period. Revenues from continuing operations showed excellent growth to \$37,390,000 from \$33,328,000 in the proceeding year; but gross margins were down from 29% in 1999 to 24% in 2000 due to the doubling of styrene prices throughout the year. Currently styrene prices are decreasing towards more normal levels and they are expected to stabilize during 2001.

Our focus is on our customers. Our mission is to provide our customers with the highest level of satisfaction as measured by the value we provide them and the quality of our products. New product strategies implemented in prior years have been accepted by the marketplace. Our mission is to build value for end-users and participants in the many channels of distribution we engage. Our objectives include a continued drive to achieve higher returns on invested capital through better utilization of assets and to expand markets and product lines in our traditional business.

Most of our raw materials, including styrene, are priced in United States dollars and, accordingly, the continued weakening of the Canadian dollar exchange rate potentially has adverse consequences for us. In the year ahead we will continue an expansion of our geographical markets into the United States in an attempt to grow our revenue base and offset the effects of the weak Canadian currency. High styrene prices had serious adverse effects on second and third quarter results. These quarters showed substantial revenue growth but margins came under pressure as a result of the high raw material cost. At year end high styrene prices were returning to normal levels.

Many of our plants are operating at near capacity levels in their market areas and efforts to expand their capacities through elimination of process bottle-necks has begun. In some plants this will involve significant changes to equipment. In others, improvements can be achieved in manufacturing processes. At this time, the course of the North American economy appears uncertain

so we will be cautious in executing our expansion plans and mindful of changing market conditions.

With divestitures of the Morval Division and the related investment in Hallmark Technologies Inc., we have achieved the strongest financial position in the history of PFB Corporation. These transactions generated net cash for the company of \$22,109,000, which allowed us to eliminate our minor bank indebtedness, distribute \$7,617,000 to shareholders as dividends, and close the year with working capital of almost \$15,000,000, including cash balances of \$12,493,000. To help us in our goal of constantly improving return on capital, we decided to reduce working capital by declaring a special dividend of \$0.75 per share payable on March 26, 2001. At the same time the regular annual dividend of \$0.10 was increased to \$0.15 which makes the total March 26, 2001 distribution \$0.90 per share.

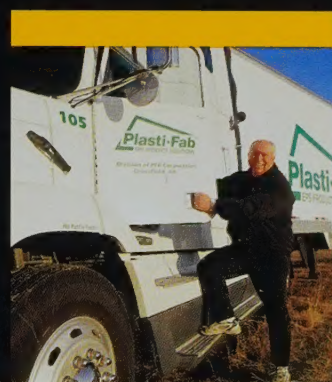
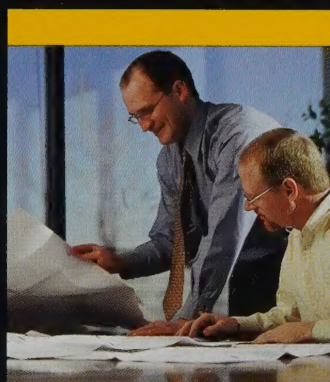
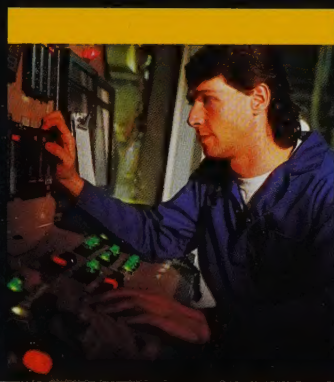
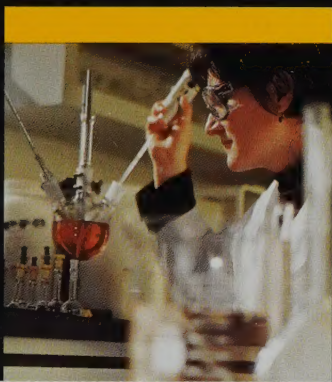
We have always been particularly attentive to environmental issues and our commitment to environmentally friendly products, processes and facilities remains at the highest priority level. The use of recycled materials and recycling processes is an integral part of our operations. Our products are always produced to rigorous technical standards and have never contained chemicals associated with the depletion of the ozone layer of the atmosphere.

Going forward we are focused on providing value and quality to our customers through the expertise of our people and processes. We are dedicated to revenue growth and continual development of operational efficiencies. Because our shareholders are our partners, we base our decisions upon return on capital analysis. Our employees have the expertise and loyalty to accomplish this mission. We thank all the stakeholders of PFB Corporation for their continued support.

On behalf of the Board of Directors,

C. Alan Smith
Chief Executive Officer

March 23, 2001



PLASTI-FAB'S VISION is to be the choice in EPS product solutions. This focus on solutions is supported by our commitment to quality, value, expertise and superior customer service. Our customers are our priority, and we will work with our customers, building the future together.

We started the new millennium with a renewed dedication to our customers. In the spirit of continuous improvement and understanding, we conducted a national market research initiative. This initiative led to the formulation of a master brand strategy for Plasti-Fab.

Recognized as the expert of the EPS industry for over three decades, we have built our solid reputation by providing exceptional quality and service in all that we do. Every product and every customer receives our highest standards of quality and service. Our hard work is paying off. Research has indicated that we are considered to be totally reliable at making our customers look good to their customers, the end users. Our research and development, product testing, consistent delivery, product availability and national service give our customers a competitive edge that keeps them coming back.

So keep reading as we tell you the story of how our expertise and commitment to superior performance has transformed Plasti-Fab into the leading product solutions provider in the Canadian EPS industry. Our mission is to have the most satisfied and loyal customers in Canada.



Technical Expertise

THE PFB TECHNICAL CENTRE IS A SOURCE OF EXCELLENCE available to PFB and to our customers. It is focussed on quality both in our moulded products and in our resins manufactured at the PFB Polymer Plant. The specialists at our ISO 9002 registered Polymer Plant produce the expandable resin used to create many of our products, making PFB Corporation the only vertically integrated manufacturer of EPS construction products in North America.



Research and Testing

The laboratory technicians at our Technical Centre ensure the quality of our EPS products through testing and research. This facility includes a full chemical and moulding laboratory, and is a Standards Council of Canada accredited laboratory used for product testing. Here we focus on research and development, process improvement, product quality and the development of new product applications.

Third Party Specification

Professionals in all our facilities combine research and development with advanced technology and equipment to provide our customers with products that meet regulatory requirements and specifications.

We are environmentally sensitive in every aspect of our business, attentive to technological changes in plastic foam resins and processing techniques, and quick to incorporate the latest industry innovations into our products.

Our professionals apply rigid quality control and testing procedures to meet the Underwriters Laboratories of Canada (ULC) third party inspection requirements and compliance. The result of our efforts are quality EPS products customers can depend on.

A technician operating controls in our Polymer Plant.

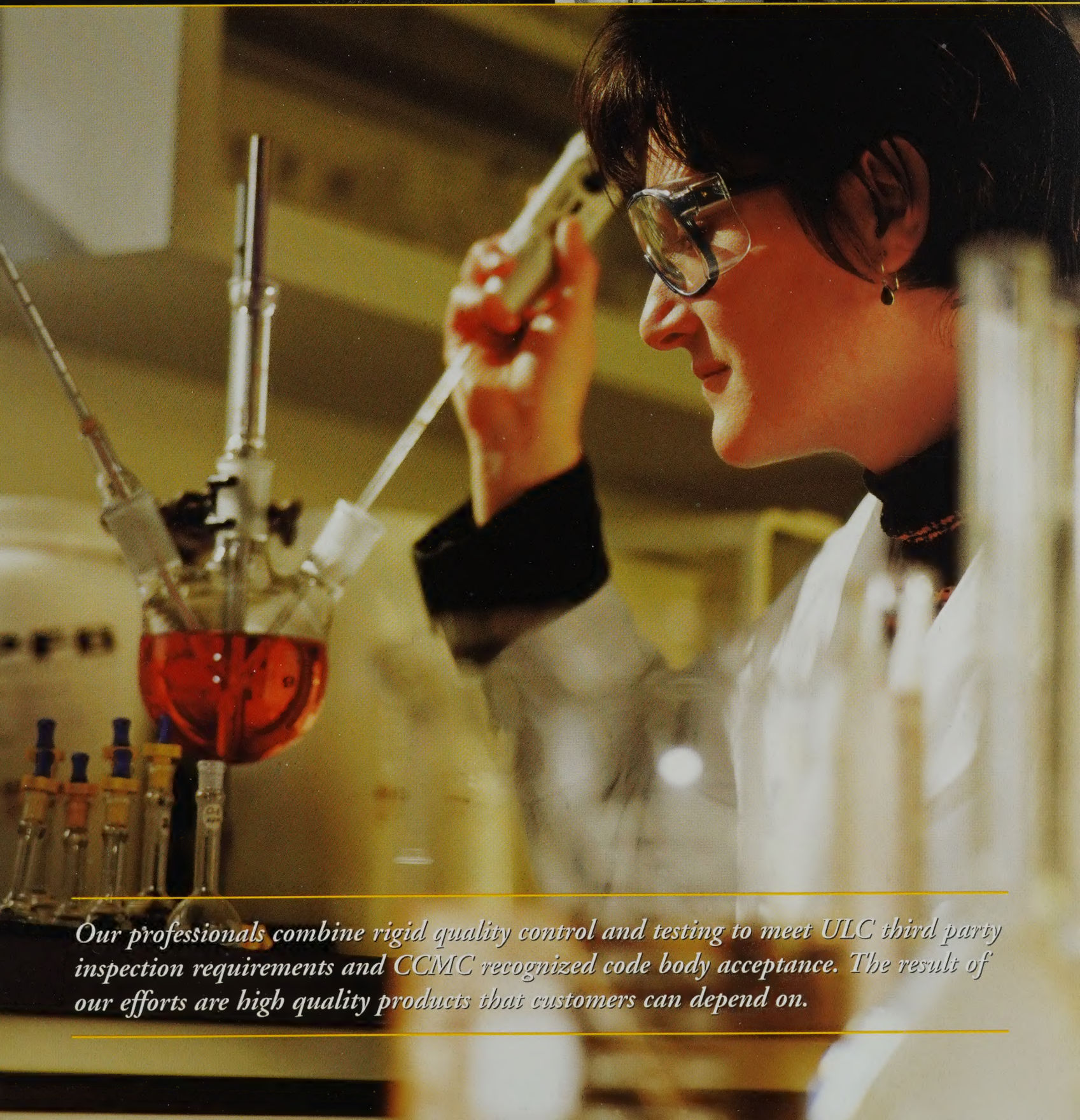
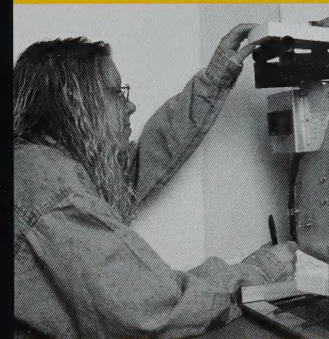
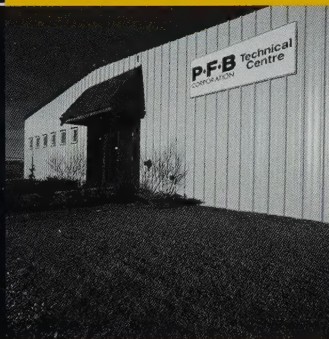
PFB Technical Centre
in Crossfield, Alberta.

Lab Technician in
PFB Technical Centre.

In plant testing
being performed.

"If Plasti-Fab makes it
and sells it you know
it is good quality."

- Customer Quote



Our professionals combine rigid quality control and testing to meet ULC third party inspection requirements and CCMC recognized code body acceptance. The result of our efforts are high quality products that customers can depend on.

Our products are always produced to rigorous technical standards and have never contained chemicals associated with the depletion of the ozone layer of the atmosphere.

EPS Product Solutions

EXPANDABLE RESINS ARE TRANSPORTED from our Polymer Plant to our manufacturing facilities located across Canada. Plasti-Fab plants use the expandable resins in a block moulding process. The result is large EPS blocks, from which our quality EPS products are processed.

Using a series of hot wires, the EPS blocks are cut to standard board stock or specialty shapes. Our EPS foam can be cut to provide sloped roof insulation, packaging materials and architectural details such as arches and columns. Plasti-Fab also provides customers with custom shape moulded EPS products.

State-of-the-Art

Plasti-Fab utilizes state-of-the-art software and hardware to assist customers in designing application specific products. The use of such technologies enables Plasti-Fab to provide its customers with custom design and production of their orders. The entire manufacturing process for every customer order, from order entry to shipping, is tracked through our proprietary Synapse management information system, a leading-edge software application.

Safety First

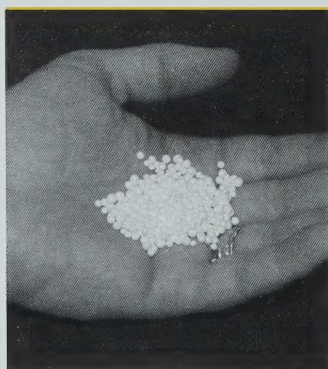
Safety is a priority at all our manufacturing facilities. We believe our employees should work in an environment which is safe from harm. Our employees are provided with a safety handbook which outlines

our safety policies and procedures. Proper training and the necessary personal protective equipment is provided to ensure all duties are performed in the safest possible manner. All Plasti-Fab manufacturing facilities have an active Safety Committee whose members are responsible for monitoring the Safety Program and conducting monthly safety audits.

Environmentally Friendly

Our products are environmentally friendly and do not contain any ozone depleting chemicals such as CFC's and HCFC's. We meet and strive to exceed all national and provincial government environmental legislation. We are focused on recycling and reducing wastage in our manufacturing processes.

Throughout our entire manufacturing processes, safety, environmental protection and product quality control are at the forefront of what we do. The result is quality EPS products that support our position as 'The Leader in EPS Product Solutions.'

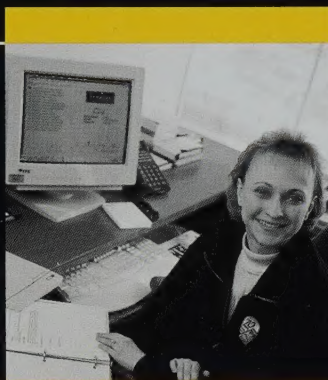


Resin is expanded to form large foam blocks.



Our management information
system is one of the best
in the industry.

Training is an ongoing priority
helping us maintain our
leadership.



The expertise of Plasti-Fab sales representatives assists customers in specifying product.

Quality & Service



105

Plasti-Fab™
EPS PRODUCT SOLUTIONS

Division of PFB Corporation
Crossfield, AB

No Puttin Footin

CHTLINER

Plasti-Fab™
EPS PRODUCT SOLUTIONS

Our customers depend on Plasti-Fab's efficient and friendly delivery network.

Professional service is a key
to Plasti-Fab's success.

Delta Manufacturing Plant.



PLASTI-FAB SALES OFFICES and manufacturing facilities are located across Canada. Our national presence in the market place enables us to provide our customers with local market knowledge, expertise, innovation and superior customer service.

Our local commitment and social responsibility is demonstrated by our community involvement through projects such as Habitat For Humanity, where we donated our products, employee labour and on-site construction supervision. We take pride in our commitment to help others, building the future together.

Customer Service

Our customers are our number one priority. They know they can rely on us to look good to their customers. Consistent delivery through our networked distribution system adds value to our customer services. In addition to significant production capacity, we are able to provide savings in shipping costs.

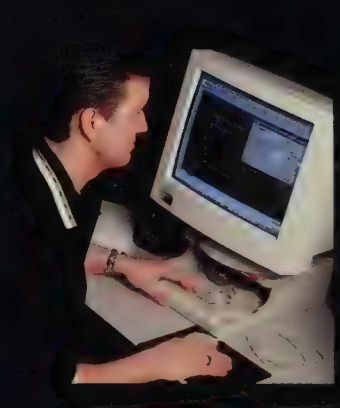
On Time Delivery

We transport our products to customers utilizing a variety of vehicle sizes from small local trucks to large trailers used in long distance deliveries. Our commitment to superior performance drives us to deliver on time and on budget.

Our goal is to create quality products, provide value and expertise in our service, and satisfy our customers' needs completely. Solving customer problems through superior customer service is an integral part of our business.

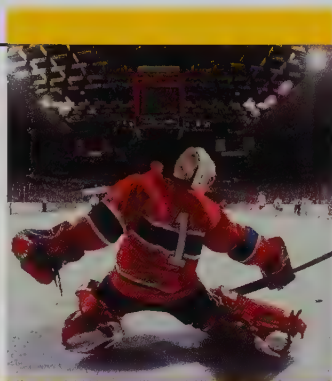
Customers

Plasti-Fab has been providing its insulation to large commercial roofing projects such as schools for 30 years.



Plasti-Fab has supplied under slab insulation for several hundred ice rinks in Canada.

Plasti-Fab supplies roof insulation for arena projects such as the Olympic Oval in Calgary.



PROVIDING EPS PRODUCT SOLUTIONS over three decades has enabled us to nurture a variety of customer relationships. The result of our thirty-year history is a growing number of satisfied customers from various market segments.

For Roofers

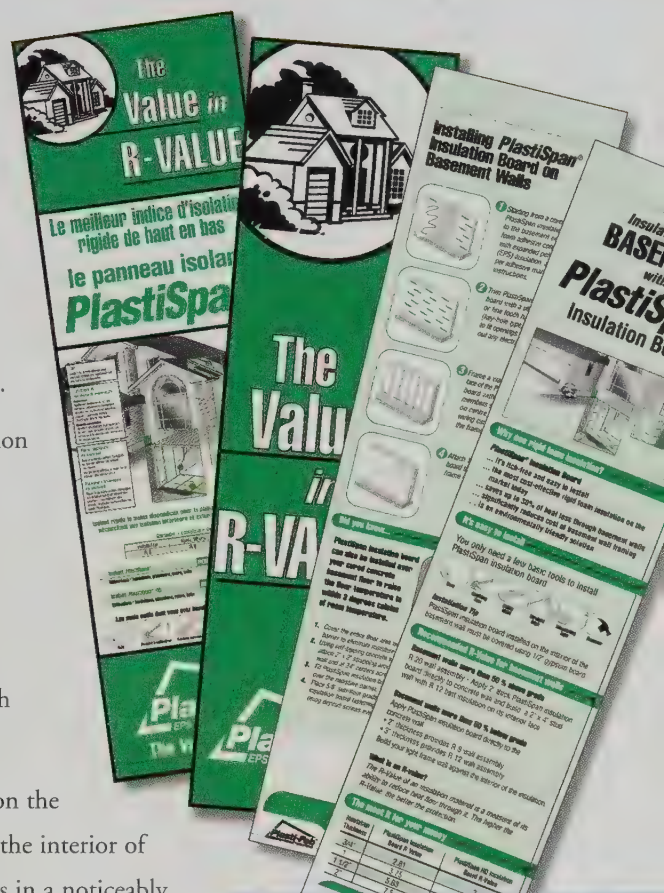
Our research and testing has provided our contractors and dealers in the roofing market with dependable products that provide long-term value and meet industry specifications.

Contractors value our Plasti-Fab product, PlastiSpan® insulation and use our insulation products in a variety of roofing applications to minimize high heat loss from a building. In order to conserve energy and create a comfortable interior environment, customers depend on our quality insulation products.

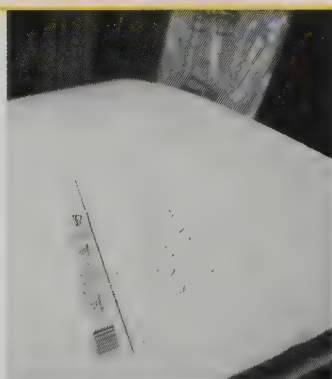
For Retailers and Dealers

Our product development and innovation has provided big box retailers and dealers with a variety of EPS product solutions to offer their customers.

Our EPS products are used as insulation in walls, foundations and floors based upon the specific insulation requirements of the structure. When PlastiSpan insulation is used on the interior of foundations, or as floor insulation, it decreases heat loss from the structure, which results in a noticeably warmer floor temperature. Our products are lightweight and easy to handle, and they can be installed quickly. They provide a structure with long-term thermal value and a stable interior environment.



Point of Purchase information educates consumers and contractors how to use Plasti-Fab insulation for their projects.

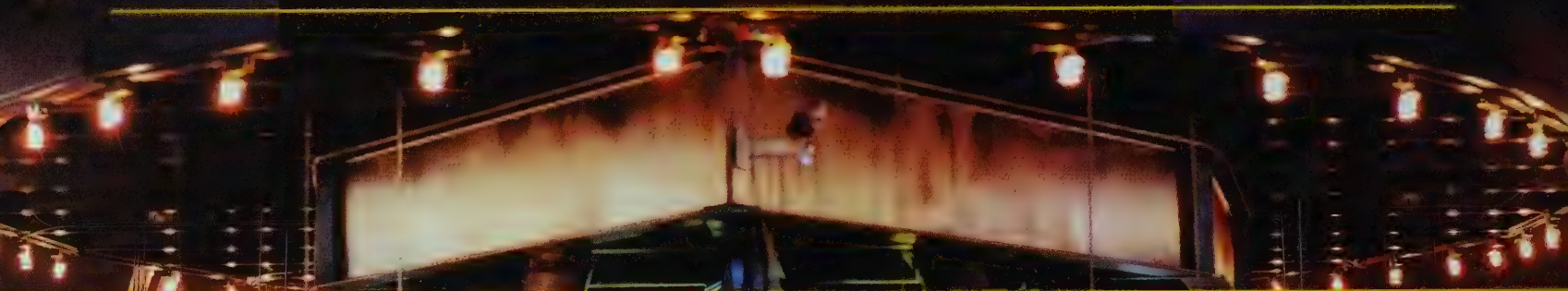


Plasti-Fab insulation provides dependable long-term value. It meets national building code for all types of below grade applications.

Cameron Ashley rigid insulation is an example of a new Plasti-Fab product solution.

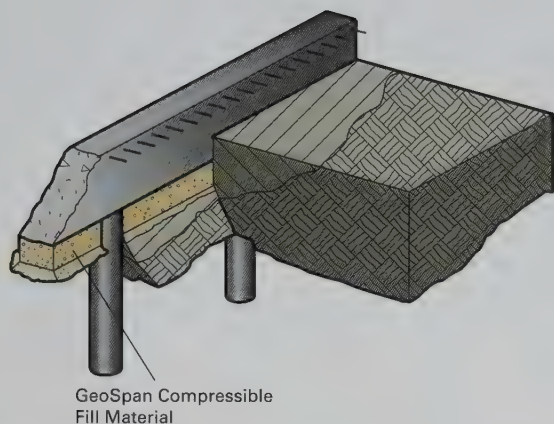


Exciting shapes and props can be made out of Plasti-Fab's foam. Our foam provides ultimate creativity for architects and building owners!



Exterior Insulation Finish Systems (EIFS) help architects create more attractive buildings.

Plasti-Fab™
EPS PRODUCT SOLUTIONS



Plasti-Fab EPS can be used as a light weight fill material to solve embankment problems, as experienced in B.C. with this road project.



Plasti-Fab GeoSpan® Compressible Fill Material

GeoSpan compressible fill material is a Plasti-Fab EPS product designed to support the weight of construction activity and the weight of the structure slab until the concrete has cured and gained enough strength to be self-supporting.

ARCHITECTS PREFER OUR EPS PRODUCTS for Exterior Insulation Finish Systems (EIFS). Using our products in this application can provide unique architectural contours and detailing that can be finished in various colours and textures. The final result is a distinctive, aesthetically pleasing structure that provides a complete blanket of insulation.

Combining our products with designers' imagination opens the door to endless possibilities. Imaginative ideas can be brought to life when our products are used to create foam props for use in cinemas, malls and commercial buildings. Not only do we provide architects and designers with products, but we also provide them with a cost-effective solution to bring their imaginative designs to life.

For Original Equipment Manufacturers

Our EPS products are used as components in products made by other companies. It is the raw material used to create displays, movie set designs, product packaging, components used in door and window mouldings, pipe insulation and the insulation used in hot tub covers and recreational vehicles.

RV owners enjoy keeping warm on cool evenings, as a result of Plasti-Fab insulation used throughout the RV unit.



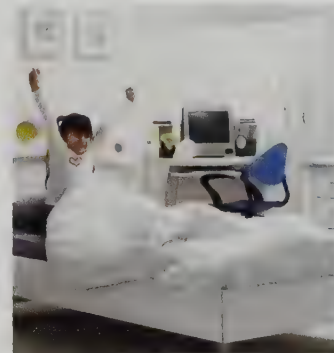
Consumers enjoy using their hot tubs, which are kept warm when not in use by our EPS products which are used in the tub covers.



The floating characteristics of Plasti-Fab foam is a key component in these floating homes in B.C. Many marinas across Canada safely float on Plasti-Fab products.



Happy customers enjoy furniture which was packaged using Plasti-Fab foam, a cost effective packaging material.





Energy efficient building systems increase comfort and allow homeowners to enjoy a quieter, more comfortable quality of life...all while saving on energy costs!

Proprietary Building Systems

Our EPS product solutions include two proprietary building systems, the Plasti-Fab™ PlastiSpan® Structural Insulated Panel (SIP) System and the Enermizer® Building System.

The PlastiSpan Structural Insulated Panel System (SIPs) is an engineered product that can speed up construction for the builder and provide consumers with the highest quality, comfort, performance and energy efficient home. This building system consists of oriented strand board (OSB) chemically welded to both sides of a PlastiSpan® insulation core providing a structural panel for roofs, walls and floors. Homes built using SIPs are faster to construct, stronger, more energy efficient, quieter and more comfortable than conventional stick construction.

The Enermizer Building System is a type of Insulating Concrete Forming (ICF) System, which combines two panels of EPS insulation secured by high-density plastic ties sandwiching a core of poured concrete creating a monolithic wall of insulation.

The benefits to building with this system are significant: lower energy costs for heating and cooling a structure, reduction of heat loss through the walls and incredible durability with a track record of withstanding the extreme forces of nature. This system is environmentally sensitive when compared to conventional construction methods by using less of our precious natural resources.

Building Envelope

Used together, the Plasti-Fab building systems provide a complete building envelope for residential and commercial projects.

Why Choose Plasti-Fab?

We continually strive to provide expertise in our service, long-term value and quality in the EPS products we supply. Our dedication to all our customers is demonstrated in everything that we do. We value the reliance and trust our customers place in us, and we are determined to continue building strong customer relationships into the future.



Worker installing PlastiSpan Structural Insulated Panel System

Crew installing Enermizer ICF System.

Marketing E-centre

Focus

The main objective of the Marketing E-Centre is to provide research and integrate new-economy technologies into our sales and marketing operations. It is responsible for managing and disseminating centralized information to maximize the capabilities and efficiency of marketing activities.

For Customers

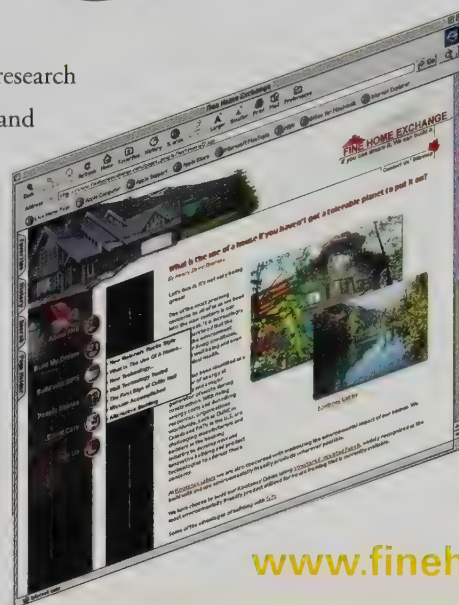
The Marketing E-Centre developed the Fine Home Exchange website. The function of www.finehomeexchange.com is to enable customers who are interested in our energy efficient PlastiSpan SIP System to link up with qualified builders and craftsmen. This leading edge approach to online marketing has enabled Plasti-Fab to partner with architects, engineers, designers and builders in one website to provide our customers with quality, energy efficient building solutions.

For Specifiers, Engineers, Architects and Builders

Research indicated that our customers demanded better online services so, in 2000, the Plasti-Fab website www.plastifab.com was optimized for easier and more effective use by our partners who specify and build with Plasti-Fab products.

The Plasti-Fab website has proven to be an effective marketing tool with over 2,500 visitors logging on to the site each month. Enhancements are ongoing, to continue providing our customers with value-added on-line services.

The Nexus contact management system is used by our sales team to provide them with timely customer information.



www.finehomeexchange.com

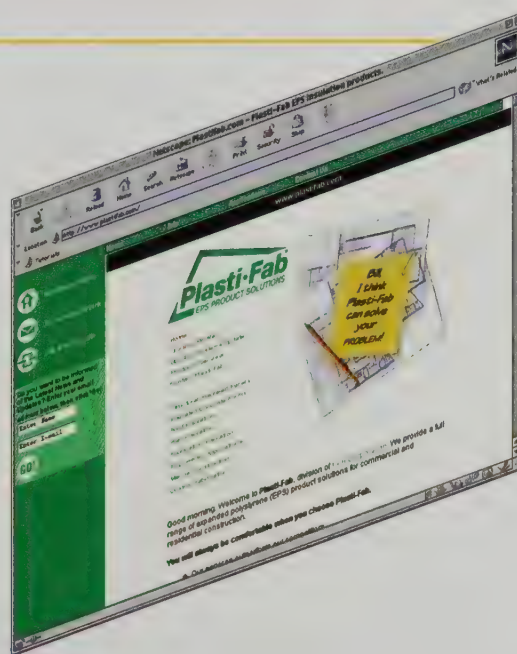


Fine Home Exchange is a new way for homeowners to network with builders and suppliers to build their dream homes.

The Plasti-Fab Sales and Marketing Teams

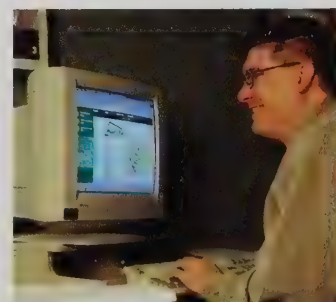
The Marketing E-Centre developed and manages the Plasti-Fab customized Contact Management System, called Nexus. Nexus provides our sales network with access to time sensitive customer information, enabling our people to provide better service to all our valuable customers.

Our dedication to our customers is demonstrated by our commitment to provide value, quality, expertise and superior customer service. Our vision to become the choice in EPS product solutions is resilient, as is our commitment to our customers to building a strong future together.



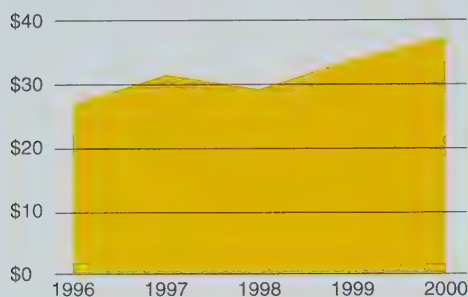
www.plastifab.com

Architects, specifiers and engineers are increasing their use of the Plasti-Fab website to specify Plasti-Fab products. It's our goal to become an industry leader in e-business.



Sales Revenues

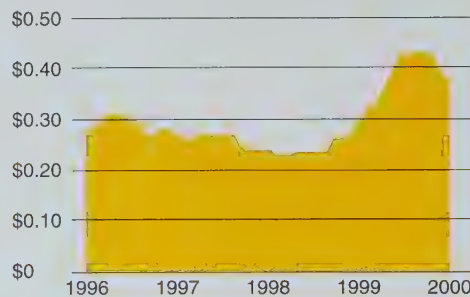
(\$ millions)



Raw Material Prices (Styrene Monomer)

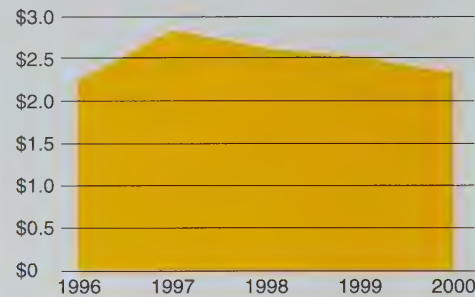
(US\$ per lb)

Graph data courtesy of CMAI



Net Income

(\$ millions)



Management's Discussion and Analysis

The following discussion and analysis should be read in conjunction with the financial statements and related notes included in this annual report.

FINANCIAL HIGHLIGHTS

Strong Sales Revenue Growth

Sales in fiscal 2000 from continuing operations increased by \$4,062,000 (12.2%) compared to last year, as the Plasti-Fab division reaped the benefits of its expanded sales and marketing initiatives.

Solid Financial Position

With working capital of \$14,990,000, including cash of \$12,493,000 or \$2.21 per share, and no long-term debt, we are confident that we possess the financial resources to achieve our short-term goals.

OPERATIONS

On March 31, 2000, PFB sold its Morval division for proceeds of \$17,678,000, resulting in a net gain on disposal of \$6,452,000. As a result of the sale of the Morval division, PFB sold its total investment (1,107,734 common shares) in Hallmark Technologies Inc. for proceeds of \$4,431,000. The Morval and Hallmark disposals are reported as discontinued operations.

On June 9, 2000, PFB acquired 100% of the common voting shares of Insulation Industries Ltd., a company producing expanded polystyrene products, for \$867,000, net of cash received. The acquisition has been accounted for using the purchase method and the ongoing operations have been merged with those of the Corporation.

Sales from continuing operations were \$37,390,000 compared to \$33,328,000 for the comparable period in 1999. Net earnings from continuing operations were \$2,317,000 (41¢ per share) compared to \$2,504,000 (44¢ per share) in 1999. Overall, net earnings, including discontinued operations, were \$9,004,000 (\$1.59 per share) compared to \$3,360,000 (60¢ per share) for 1999.

Continuing operations generated \$3,516,000 of cash in 2000, which is 4.6% lower than in 1999. Gross profit reduced from 29.6% of sales in 1999 to 23.8% in 2000, primarily as a result of increased costs of styrene monomer, our principle raw material. The price of styrene monomer reached a cyclical peak around mid-year and some easing of price was experienced before the year ended. Where market conditions allowed, selling prices were increased to compensate for the higher raw materials costs.

Capital spending increased to \$2,093,000. These expenditures relate to the upgrading and maintenance of the manufacturing facilities in the expandable polystyrene resin plant and in the Plasti-Fab division, and include \$456,000 allocated to fixed assets in the acquisition of Insulation Industries Ltd.

CORPORATE

The expandable polystyrene resin plant increased production again in 2000 to achieve a new record level of output. The successful rolling program of continuous improvements and technology advancements is set to continue through 2001.

The dividend of 10¢ per share declared in February 2000 was paid in March 2000. Following the successful disposal of the Morval division, a special dividend of \$1.25 per share was declared in July 2000 and paid in August 2000. The regular dividend, declared in February 2001, has been increased from 10¢ to 15¢ per share (\$846,000 in aggregate) with a payment date of March 26, 2001. Also, a special dividend of 75¢ per share (aggregate \$4,232,000) was declared in February 2001 and also to be paid on March 26, 2001.

OUTLOOK

The strategy of PFB Corporation is one of continued growth focussed on sales and marketing plans, expanding sales of new products, and the development of selected eBusiness applications.

With a solid equity base and a debt free balance sheet, PFB Corporation is well placed to take advantage of acquisition opportunities. Management continues to seek out compatible business acquisition opportunities that fit its growth strategy and enhance shareholder value through increased earnings per share.

The demand for insulation and building products can vary in accordance with general economic cycles and changes in the economic conditions in the construction industry sector. A decrease in overall consumer and industrial demand for insulation and building products could have an adverse effect on PFB's business, financial condition and results of operations.

Stephen P. Hardy

Vice President and Chief Financial Officer

Management's Report

The accompanying financial statements of PFB Corporation and all information in this annual report are the responsibility of Management of the Corporation and have been approved by The Board of Directors. Management has prepared the financial statements based on the information available and in accordance with generally accepted accounting principles. The financial statements and other financial information have been prepared using the accounting policies described in Note 1 to the financial statements and reflect Management's best estimates and judgements. Financial information presented throughout this report is consistent with data presented in the financial statements.

A system of internal accounting control is maintained in order to assure, on a reasonable and cost effective basis, the reliability of this financial information. This system includes established policies and procedures, the selection and training of qualified personnel and an organization providing for appropriate delegation of authority and segregation of responsibilities.

The Board of Directors discharges its duties related to the financial statements by reviewing and discussing financial information prepared by Management and through the activities of its Audit Committee. The Committee meets with Management to assure that it is performing responsibly to maintain financial controls and systems and to review the financial statements of the Corporation. The Audit Committee also meets with the independent auditors to discuss the audit approach, the review of internal accounting controls and the results of their audit examination prior to recommending its approval of the financial statements.

The shareholders' auditors, Deloitte & Touche LLP, Chartered Accountants have examined the financial statements, and their report is presented herein.



C. Alan Smith
*Chairman, President and
Chief Executive Officer*



Stephen P. Hardy
*Vice President and
Chief Financial Officer*

Auditors' Report

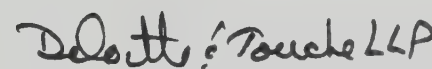
To the Shareholders of PFB Corporation:

We have audited the balance sheets of PFB Corporation as at December 31, 2000 and 1999 and the statements of operations, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta
February 9, 2001



Chartered Accountants



Balance Sheets as at December 31, 2000 and 1999

	2000	1999
		<i>Restated (Note 3)</i>
ASSETS		
Current assets		
Cash and short-term investments	\$ 12,493,000	\$ 125,000
Accounts receivable	4,064,000	5,995,000
Inventories	3,410,000	3,987,000
Prepaid expenses	298,000	224,000
	20,265,000	10,331,000
Capital assets (Note 4)	12,677,000	18,466,000
Other assets (Note 5)	110,000	4,183,000
	\$ 33,052,000	\$ 32,980,000
LIABILITIES		
Current liabilities		
Bank indebtedness (Note 6)	\$ —	\$ 220,000
Accounts payable and accrued liabilities	3,740,000	5,850,000
Income taxes payable	1,535,000	512,000
	5,275,000	6,582,000
Future income taxes (Note 1)	1,120,000	902,000
	6,395,000	7,484,000
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	13,802,000	13,693,000
Retained earnings	12,855,000	11,803,000
	26,657,000	25,496,000
	\$ 33,052,000	\$ 32,980,000

Approved by the Board of Directors

Director

Director



Statements of Operations Years ended December 31, 2000 and 1999

	2000	1999
		<i>Restated (Note 3)</i>
Sales	\$ 37,390,000	\$ 33,328,000
Cost of goods sold	28,484,000	23,457,000
Gross profit	8,906,000	9,871,000
Selling and administrative expenses	5,992,000	5,742,000
Earnings before interest and taxes	2,914,000	4,129,000
Interest income	(397,000)	(13,000)
Interest expense	31,000	150,000
Income taxes (Note 9)	963,000	1,488,000
Income from continuing operations	\$ 2,317,000	\$ 2,504,000
Discontinued operations (Note 3)		
Net earnings from discontinued operations	235,000	856,000
Net gain on disposal of discontinued operations	6,452,000	—
Net income	\$ 9,004,000	\$ 3,360,000
Net income per common share: (Note 8)		
Net income from continuing operations	0.41	0.44
Net income	\$ 1.59	\$ 0.60

Statements of Retained Earnings Years ended December 31, 2000 and 1999

	2000	1999
		<i>Restated (Note 3)</i>
Retained earnings, beginning of the year	\$ 11,803,000	\$ 9,057,000
Adjustment to retained earnings (Note 1)	—	(50,000)
Retained earnings, as restated	11,803,000	9,007,000
Future income tax adjustment (Note 1)	(335,000)	—
Net income	9,004,000	3,360,000
Dividends paid	(7,617,000)	(564,000)
Retained earnings, end of the year	\$ 12,855,000	\$ 11,803,000



Statements of Cash Flows Years ended December 31, 2000 and 1999

	2000	1999
		<i>Restated (Note 1)</i>
CASH INFLOWS (OUTFLOWS) RELATED TO THE FOLLOWING ACTIVITIES:		
Operating		
Funds provided from operations <i>(Note 10)</i>	\$ 3,516,000	\$ 3,687,000
Changes in non-cash working capital	(3,217,000)	1,405,000
Other assets	(110,000)	—
	189,000	5,092,000
Net cash provided from discontinued operations	22,109,000	473,000
	22,298,000	5,565,000
Financing		
Issue of common shares <i>(Note 7)</i>	—	266,000
Dividend payment	(7,617,000)	(564,000)
	(7,617,000)	(298,000)
Investing		
Purchase of capital assets	(2,093,000)	(930,000)
Other assets	—	(4,183,000)
	(2,093,000)	(5,133,000)
Increase in cash and short-term investments	12,588,000	134,000
(Bank indebtedness) cash, beginning of the year	(95,000)	(229,000)
Cash and short-term investments, end of the year	\$ 12,493,000	\$ (95,000)
Cash paid for interest	\$ 31,000	\$ 150,000
Cash paid for taxes	\$ 2,569,000	\$ 1,839,000

Notes to the Financial Statements December 31, 2000 and 1999

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and reflect the following policies:

Inventories

Inventories, which comprise raw materials, work-in-progress and finished products, are carried at the lower of cost, as determined under the weighted average method, and net realizable value.

Capital Assets

Capital assets are stated at cost. Depreciation is provided using the following rates and methods, which are designed to amortize the assets over their estimated useful lives:

Assets	Rate and Method
Buildings	5% straight line
Machinery and equipment	At rates varying from 10% to 20% declining balance
Computer and office equipment	At rates varying from 20% to 33% straight line and 20% declining balance

Financial Instruments

Fair Value of Financial Assets and Liabilities

The Corporation's accounts receivable, accounts payable and accrued liabilities constitute financial instruments. The fair values of financial instruments that are included in the consolidated balance sheets as at December 31, 2000 and 1999 approximate their carrying amount due to the short-term maturity of those instruments.

Credit Risk

Concentration of credit risk in accounts receivable is limited, due to the large number of customers comprising the Corporation's customer base. The Corporation performs ongoing credit evaluations of its customers, but does not generally require collateral to support customer accounts receivable. The Corporation establishes an allowance for doubtful accounts based upon the credit risk applicable to particular customers, historical trends and other relevant information.

Commodity Price Risk

The Corporation's main raw material used in the manufacturing process is styrene monomer, an exchange traded commodity. The Corporation is exposed to the fluctuations in the styrene monomer exchange price.

Foreign Exchange

In the normal course of operations, the Corporation is exposed to movements in the U.S. dollar exchange rates, relative to the Canadian dollar. At December 31, 2000, the Corporation has not entered into any U.S. dollar purchase contracts. The Corporation has purchased short-term Euro exchange contracts to hedge the purchase of capital equipment. The forward contracts to buy Euro 320,000, which have no carrying value in these financial statements, are scheduled for settlement in fiscal 2001 at an average contract rate of 1.36.

Future Income Taxes

Effective January 1, 2000 the Corporation adopted the new recommendations of the Canadian Institute of Chartered Accountants dealing with accounting for income taxes. The Corporation has adopted the new recommendations retroactively without restating the prior years. The cumulative effect of adopting the new recommendations at January 1, 2000 is to decrease retained earnings by \$335,000, increase share capital by \$109,000, and the net effect increases future income tax liability by \$226,000.

Holiday Pay

The January 1, 1999 retained earnings and accounts payable have been restated to include an amount of \$50,000 relating to employee holiday pay that was not accrued in prior years.

Notes to the Financial Statements December 31, 2000 and 1999 (continued)

2. ACQUISITION

In June 2000, the Corporation acquired 100% of the common voting shares of Insulation Industries Ltd., a company producing expanded polystyrene products, for \$867,000 cash, which was allocated \$456,000 to fixed assets and \$411,000 to working capital. The acquisition has been accounted for using the purchase method and ongoing operations have been merged with those of the Corporation.

3. DISCONTINUED OPERATIONS

On March 31, 2000, the Corporation sold its Morval division. Morval custom-moulded foam plastics as component parts in the automotive, appliance and other OEM industries in Canada and the United States. The proceeds of the sale amounted to \$17,678,000. Operating results of Morval are included as discontinued operations.

During the year, and as a result of the sale of the Morval division, the Corporation sold 1,107,734 common shares of Hallmark Technologies Inc. for proceeds of \$4,431,000. The disposal is reported as discontinued operations as the investment was related to the Morval division.

The 1999 financial statements have been restated to reflect the discontinued operations.

4. CAPITAL ASSETS

	2000			1999
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 3,963,000	\$ —	\$ 3,963,000	\$ 4,437,000
Buildings	6,707,000	3,269,000	3,438,000	5,410,000
Machinery and equipment	16,075,000	11,140,000	4,935,000	8,046,000
Computer and office equipment	2,174,000	1,833,000	341,000	516,000
Other	—	—	—	57,000
	\$ 28,919,000	\$ 16,242,000	\$ 12,677,000	\$ 18,466,000

Depreciation and amortization expense in the amount of \$1,348,000 (1999 – \$1,312,000) is included in cost of goods sold, with an amount of \$203,000 (1999 – \$182,000) being included in selling and administrative expenses.

5. OTHER ASSETS

Other Assets comprise the following:

	2000	1999
Investment in Hallmark Technologies Inc.	—	\$ 4,183,000
Long term portion of loan receivable	\$ 110,000	—
	\$ 110,000	\$ 4,183,000

The investment in Hallmark Technologies Inc. was sold during the year (see Note 3).

At December 31, 2000, the Corporation had a receivable loan amounting to \$230,000 bearing interest at 7%, and secured by a promissory note. The current portion of the loan amounts to \$120,000 and is reported as a receivable in current assets. The balance of \$110,000 is reported as a long-term investment with the principle amount scheduled to be retired by the end of 2002.

Notes to the Financial Statements December 31, 2000 and 1999 (continued)

6. BANK INDEBTEDNESS

At December 31, 2000 the Corporation has a revolving credit facility of \$6,000,000 (1999 – \$6,000,000). The facility is secured by a general assignment of accounts receivable and a pledge of inventories and, when drawn, bears interest at Canadian bank prime rate plus 0.25% (1999 – plus 0.25%).

7. SHARE CAPITAL

Share capital represents:

Authorized

Unlimited number of preferred shares without nominal or par value, issuable in series, of which none are outstanding.

Unlimited number of voting common shares without nominal or par value.

Common Shares Issued

	2000		1999	
	Shares	Amount	Shares	Amount
Balance, beginning of year	5,642,191	\$ 13,693,000	5,535,691	\$ 13,427,000
Issued for cash upon exercise of options at \$2.50 per share	–	–	106,500	266,000
Future income tax adjustment (Note 1)	–	109,000	–	–
Balance, end of year	5,642,191	\$13,802,000	5,642,191	\$13,693,000

25,000 share options were granted in October 1998 with an option price of \$4.75 per share, none of which have been exercised at December 31, 2000. These options were fully vested and exercisable in October 2000. The options will expire at the end of their five-year term.

8. EARNINGS PER COMMON SHARE

Earnings per common share is calculated on the basis of the daily weighted average number of common shares outstanding which aggregated 5,642,191 (1999 - 5,637,116) at December 31, 2000. Fully diluted earnings per share have not been presented since the exercise of outstanding share purchase options would not have a materially dilutive effect.

9. INCOME TAXES

The effective income tax rate of the Corporation differed from the expected combined federal and provincial income tax rate for the following reasons:

	2000		1999	
	Amount	% of Pre-Tax Earnings	Amount	% of Pre-Tax Earnings
Rates applied to earnings before income taxes:				
Federal	\$ 3,709,000	29.1	\$ 1,550,000	29.1
Provincial	1,989,000	15.6	838,000	15.8
	5,698,000	44.7	2,388,000	44.9
Manufacturing and processing rate reduction	(360,000)	(2.8)	(501,000)	(9.4)
Gain on sale of discontinued operations	(2,168,000)	(17.0)	–	–
Expenses without tax basis	36,000	0.3	42,000	0.8
Reduction in future taxes due to rate reduction	(133,000)	(1.0)	–	–
Other (net)	435,000	3.4	85,000	1.6
	\$ 3,508,000	27.6	\$ 2,014,000	37.9

Notes to the Financial Statements December 31, 2000 and 1999 (continued)

9. INCOME TAXES (continued)

The provision for income taxes is comprised of the following:

	2000	1999
Continuing operations	\$ 963,000	\$ 1,488,000
Discontinued operations	2,545,000	526,000
	\$ 3,508,000	\$ 2,014,000

The provision for income taxes is comprised of the following:

	2000	1999
Current	\$ 3,542,000	\$ 2,297,000
Future	(34,000)	(283,000)
	\$ 3,508,000	\$ 2,014,000

The future tax liability consists of taxable temporary differences relating to capital assets. Had the liability method not been adopted, net earnings for the year would have increased by \$30,000.

10. FUNDS PROVIDED FROM CONTINUING OPERATIONS

	2000	1999
Net income from continuing operations	\$ 2,317,000	\$ 2,504,000
Add (deduct) items not requiring funds:		
Depreciation and amortization	1,551,000	1,494,000
Future income taxes	(352,000)	(311,000)
	\$ 3,516,000	\$ 3,687,000

11. PENSION PLAN

The Corporation has a pension plan providing "defined benefits" to certain of its hourly employees. Contributions are paid into a plan that is legally separate from PFB Corporation and from which employee benefits are paid. The Corporation contributes to the hourly pension plan in accordance with regulatory requirements based on the latest actuarial valuation. Assets in this plan at December 31, 2000 consist of approximately 64% in equity securities, 30% in fixed income securities, and 6% in cash equivalents.

An actuarial report was prepared for the pension plan at the time of the sale of the Morval division effective March 31, 2000. As of that date, the actuarial value of fund assets amounted to \$935,391 and the actuarial value of liabilities amounted to \$877,762. The amount of pension plan determined by the Actuary to be transferred with the Morval division is \$533,968. The transfer of funds has not taken place as of December 31, 2000.

The expected long-term rate of return on plan assets is 6% per annum net of expenses. No amounts have been recognised in the balance sheet as an accrued benefit liability or accrued benefit asset.

12. COMMITMENTS

The Corporation has operating lease commitments relating to certain premises and equipment. Estimated commitments on existing lease agreements require payments of \$718,000 in 2001, \$419,000 in 2002, \$365,000 in 2003, \$312,000 in 2004 and \$53,000 in 2005.

Corporate Information

Directors

The Honourable Harvie Andre

President
Cresvard Corporation

Bruce M. Carruthers

President and General Manager
Plasti-Fab Division
PFB Corporation

John McDougall

Managing Director and
Chief Executive Officer
Alberta Research Council

C. Alan Smith

President
Aeonian Capital Corporation

William H. Smith

Partner
McCarthy Tétrault

David Bissett

President
Belmont Capital
Management Limited

Officers

C. Alan Smith

Chairman, President and
Chief Executive Officer

Stephen P. Hardy

Vice President and
Chief Financial Officer

Bruce M. Carruthers

President and General Manager
Plasti-Fab Division

William H. Smith, Q.C.

Corporate Secretary

Corporate Office

Suite 270, 3015 – 5th Avenue N.E.
Calgary, Alberta, Canada T2A 6T8
Telephone: (403) 569-4300
Facsimile: (403) 569-4075

Websites

www.pfbcorp.com
www.plastifab.com

Plasti-Fab Division

Offices and Manufacturing Facilities

Delta, British Columbia
Calgary, Alberta
Crossfield, Alberta
Edmonton, Alberta
Saskatoon, Saskatchewan
Winnipeg, Manitoba
Kitchener, Ontario
Ajax, Ontario

Bankers

Royal Bank of Canada
Calgary, Alberta

Registrar and Transfer Agent

Computershare Investor Services
Calgary, Alberta

Auditors

Deloitte & Touche LLP
Calgary, Alberta

Legal Counsel

McCarthy Tétrault
Calgary, Alberta

Stock Exchange Listing

The Toronto Stock Exchange

Stock Symbol

PFB

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Olympic Oval.



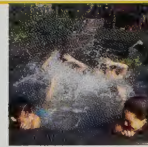
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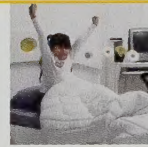
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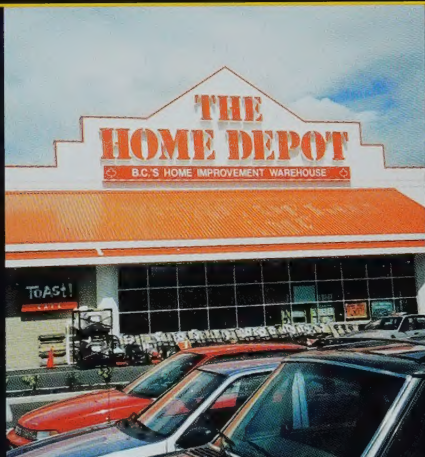
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